

Olympia

March 23, 1971

The Board

I. W. (Bob) Hilson

General Recommendations re Petitions to Amend Rules (49) and (31)

1. Delete provision for 180-day "lock-in" period for reduced prices.

Comment: This proposal appears to be excessively restrictive and rigid. It is apparent that a wholesaler would find it extremely difficult to make normal price adjustments in establishing his prices. It is quite obvious that any wholesaler who was the first party in his trade area to make a price adjustment, either upward or downward, could be in a highly vulnerable position. Conceivably, his competitors could either react or take no action on their prices with results which could be detrimental to him. Certainly, there should be a sufficient measure of flexibility to permit normal price fluctuations.

The petitioner has verbally agreed that the 180-day proposal should be deleted.

2. Retain the provision for consistency of prices between packages and containers offered for sale. Wording to be appropriately revised to include "wine wholesaler," etc.
3. The Wholesale Association and Brewers Institute have agreed between themselves that Rule (49) (beer) should contain a provision that the supplier and the wholesaler would be permitted to file prices on the basis that such prices would become effective 15 days following the date of posting. There would be no mandatory filing date. They do not suggest such a procedure for Rule (31) (wine), but would retain the language of their petition, which in essence provides monthly filing dates. I have no particular objection to this arrangement.
4. The suggested proposal of Victor Allison, American Wine Growers, Seattle, for a provision to authorize a change in wholesalers during a posting period appears to be appropriate. It would be advisable to apply such a provision for both regulations.
5. Changes proposed by the two industry groups have complicated the preparation of certain other provisions contained in both regulations, and I am of the opinion that it would be advisable for the Board to have both petitions redrafted by its staff, incorporating amendments which the Board judges to be most suitable.

It should be noted that the industry representatives did not present their finalized views (and then only orally) to me until yesterday. Under the circumstances, I feel that more time is necessary to consider and properly present the regulations in a form which meets the Board's approval and is understandable to everyone concerned.

Bob Hilson
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Beer and Wine Division

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Resp to Costco RFP - 3015

PLAINTIFF'S
EXHIBIT

CASE
NO. CV04-0360P

EXHIBIT
NO. 041

TX041_001